2001 Pennsylvania Avenue NW
Suite 600 | Washington, DC 20006
T 202 466 5460
F 202 296 3184

August 13, 2018

Via Electronic Submission and Email

Christopher Kirkpatrick
Secretary of the Commission
U.S. Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: De Minimis Exception to the Swap Dealer Definition (RIN 3038–AE68)

Dear Mr. Kirkpatrick:

The Futures Industry Association[1] and the FIA Principal Traders Group[2] ("**FIA PTG**" and, together with the Futures Industry Association, "**FIA**" or "**we**") appreciate the opportunity to jointly comment on the Commodity Futures Trading Commission's ("**Commission**") proposed rule "De Minimis Exception to the Swap Dealer Definition" (the "**Proposal**").[3] We support the efforts of the Commission and its staff to bring certainty to the swap dealer *de minimis* threshold, and to address whether certain swaps should be excepted from that threshold based on available swap data.

We respectfully submit the comments herein to help ensure that any final rule on this subject promotes a vibrant and liquid swaps market while also furthering the risk reduction and counterparty protection goals of Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("**Title VII**").

With respect to the Commission's proposed amendments to the *de minimis* exception, FIA—

- Supports the proposed $8 billion *de minimis* threshold for swap dealer registration purposes;
- Supports the exclusion of swaps entered into for the purpose of hedging financial positions from *de minimis* calculations, but believes the Commission should remove certain proposed conditions; and

---

[1] The Futures Industry Association is the leading global trade organization for the futures, options and centrally cleared derivatives markets, with offices in London, Singapore and Washington, D.C. The Futures Industry Association's membership includes clearing firms, exchanges, clearinghouses, trading firms and commodities specialists from more than 48 countries, as well as technology vendors, lawyers and other professionals serving the industry.

[2] FIA PTG is an association of firms that trade their own capital on exchanges in futures, options and equities markets worldwide. FIA PTG members engage in manual, automated and hybrid methods of trading, and they are active in a wide variety of asset classes, including equities, fixed income, foreign exchange and commodities. FIA PTG member firms serve as a critical source of liquidity, allowing those who use the markets, including individual investors, to manage their risks and invest effectively.

[3] De Minimis Exception to the Swap Dealer Definition, Proposed Rule, 83 Fed. Reg. 27444 (June 12, 2018).

- Supports a process to determine the methodology to calculate notional amount, but believes such determinations should be made by the Commission subject to public notice and an opportunity for comment.

With respect to the Proposal's requests for comment on additional potential changes to the *de minimis* exception, FIA—

- Supports excepting swaps that are exchange-traded and/or cleared from *de minimis* calculations, without a notional backstop or haircut; and

- Supports excepting non-deliverable forwards from *de minimis* calculations based on their equivalence to FX forwards, which have been exempted from such calculations.

We discuss these issues below, in the order in which they appear in the Proposal. We note, though, that excepting swaps that are exchange-traded and/or cleared from *de minimis* calculations is a particularly important issue to FIA. FIA PTG, for example, previously commented in support of such an exception.[4]

PROPOSED AMENDMENTS TO THE *DE MINIMIS* EXCEPTION

I. FIA Supports the Proposed $8 Billion *De Minimis* Threshold

FIA supports the Commission's proposal to establish a permanent swap dealer *de minimis* threshold of $8 billion. FIA believes the data presented in the Proposal would support a higher *de minimis* threshold than $8 billion.[5] However, we also recognize that, as stated in the Proposal, "maintaining an $8 billion threshold would foster the efficient application of the [Swap Dealer] Definition by providing continuity and addressing the uncertainty associated with the end of the phase-in period."[6] We therefore support maintaining the *de minimis* threshold at $8 billion, and, supported by the data presented in the Proposal, we are opposed to lowering the threshold.

FIA believes that swaps market participants need certainty regarding the amount of swap dealing activity that will require registration as a swap dealer, and an end to the twice-extended phase-in period. FIA urges the Commission to finalize this aspect of the Proposal as quickly as possible, and well in advance of year's end, in order to relieve market participants of the need to change compliance policies and procedures, operational systems, and in some instances business plans, based on a $3 billion *de minimis* threshold.

---

4 *See, e.g.*, Letter from Mary Ann Burns, FIA to Christopher J. Kirkpatrick, Secretary (Jan. 27, 2016), available at https://ptg.fia.org/articles/fia-ptg-comment-letter-swap-dealer-de-minimis-exception-preliminary-report.

5 For example, in the context of interest rate swaps, credit default swaps, foreign exchange swaps and equity swaps, the Commission observed that increasing the *de minimis* threshold to $20 billion (as compared to keeping it at $8 billion) would result in a reduction of "Regulatory Coverage" (as defined in the Proposal) of only 0.01% if measured by estimated aggregate gross notional amount, only 0.05% if measured by estimated transactions, and only 2.8% if measured by estimated counterparties. *See* Proposal, 83 Fed. Reg. at 27454.

6 *See id.* at 27457.

II. FIA Supports the Proposed Exclusion for Swaps Hedging Financial Positions, But Opposes Certain Proposed Conditions

FIA supports the Commission's proposal to exclude from *de minimis* calculations swaps that are entered into for purposes of hedging financial positions.[7] The Commission has specifically excluded swaps entered into for the purpose of hedging physical positions from its "swap dealer" definition, but there currently is no explicit exclusion for swaps that hedge financial positions, creating uncertainty and inefficiency in the application of the "swap dealer" definition. There is no reason to distinguish between swaps intended to hedge financial positions and swaps intended to hedge physical positions, and we therefore urge the Commission to finalize an exclusion for swaps hedging financial positions.

However, that exclusion should be on a par with the existing exclusion of swaps that hedge physical positions. To achieve that parity, any final rule should omit the conditions set forth in paragraph (4)(i)(D)(2) of the proposed rules, *i.e.*, that a person can only exclude hedges of financial positions from *de minimis* calculations if that person "is not the price maker and does not receive or earn a bid/ask spread, fee, commission, or other compensation for entering into the swap." These conditions are not required to exclude hedges of physical positions, and should not be required to exclude hedges of financial positions, either.

The Proposal states that the Commission's rationale for excluding hedging swaps "applies broadly to swaps that hedge both financial and physical positions," and that the proposed exclusion of swaps hedging financial positions from *de minimis* calculations "is consistent with the CFTC's position" in excluding swaps hedging physical positions from the "swap dealer" definition.[8] Respectfully, though, that is not the case. The Commission's "swap dealer" definition excludes swaps that hedge physical positions *even if* the person *is* a price maker of the swap or receives compensation for the swap; by contrast, the Proposal excludes swaps that hedge financial positions *only if* the person *is not* a price maker of the swap and does not receive compensation for the swap.[9] The Proposal offers no explanation for this disparity in treatment, or in result.

Accordingly, FIA requests that the Commission finalize the proposed exclusion for swaps that hedge financial positions from *de minimis* calculations, but omit the conditions set forth in paragraph (4)(i)(D)(2) of the proposed rules.[10]

---

[7] *See id.* at 27462-63. The Proposal would add one more definition of the term "hedging" to the panoply of "hedging" definitions throughout the Commission's regulations. We urge the Commission to undertake an appropriate process to consider harmonizing these definitions.

[8] *Id.* at 27463.

[9] The complicated, dual-track analysis resulting from the disparity in treatment between the exclusion for hedges of physical positions in the "swap dealer" definition and the proposed exclusion for hedges of financial positions from *de minimis* calculations is inconsistent with the objective of Project KISS to apply Commission rules in a simpler and less burdensome manner.

[10] The Proposal recognizes that entering into a swap for the purpose of hedging a person's own risks generally does not constitute swap dealing. *See* Proposal, 83 Fed. Reg. at 27463 (quoting Further Definition of "Swap," "Security-Based Swap," and "Security-Based Swap Agreement"; Mixed Swaps; Security-Based Swap Agreement Recordkeeping; Final Rule, 77 Fed. Reg. 30596, 30710 (May 23, 2012)). Accordingly, in the alternative, the Commission could address this issue simply by amending the existing hedging exclusion in the "swap dealer" definition to also expressly apply to swaps that hedge financial positions.

III. FIA Supports a Process to Determine the Methodology for Calculating Notional Amount, which Determinations Should be Made by the Full Commission

We agree with the Commission that clarity regarding the calculation of notional amount for purposes of the *de minimis* threshold would be beneficial.[11] The one guidance document that has been published since the Commission adopted the "swap dealer" definition[12] left open a multitude of questions for market participants attempting to calculate gross notional amount for *de minimis* purposes.[13] Accordingly, FIA supports the Commission's proposal to set out a process to determine the methodology for calculating notional amount for any group, category, type, or class of swaps for *de minimis* purposes.[14]

However, FIA does not believe such determinations should be delegated to the Division of Swap Dealer & Intermediary Oversight ("**DSIO**"). The manner by which notional amount is calculated is extremely important to market participants because of the impact it can have with regard to swap dealer registration. Swaps are varied and complex instruments, and there may be more than one methodology for calculating the notional amount of a group, category, type, or class of swap.

It is critical, therefore, that any process for determining the methodology for calculating notional amount be fully transparent to the public so that market participants are aware of the issues that the Commission is considering and have an opportunity to provide input on those issues. FIA therefore believes that the methodology for calculating notional amount should be determined by the Commission, subject to a public notice and comment period, and evaluated under a cost-benefit analysis.[15]

REQUESTS FOR COMMENT ON ADDITIONAL POTENTIAL CHANGES TO THE *DE MINIMIS* EXCEPTION

IV. FIA Supports Excepting Cleared and/or Exchange-Traded Swaps from *De Minimis* Calculations, Without a Notional Backstop or Haircut

The primary goals of Title VII were to mitigate risks that the previously unregulated swaps market posed to the financial system by imposing: 1) capital requirements to protect swaps counterparties against default; 2) margin requirements to provide collateral in the event of a counterparty default; 3) reporting requirements

---

11 *See* Proposal, 83 Fed. Reg. at 27465.

12 *See* Frequently Asked Questions (FAQ) – [CFTC Staff] Responds to FAQs About Swap Entities (Oct. 12, 2012), available at https://www.cftc.gov/idc/groups/public/@newsroom/documents/file/swapentities_faq_final.pdf.

13 For example, FIA PTG wrote to Commission staff in 2012 requesting guidance on the proper methodology for calculating notional amount for swaptions. *See* Letter from Walt Lukken, FIA to Gary Barnett, Director Division of Swap Dealer and Intermediary Oversight (Dec. 20, 2012).

14 The discussion of this issue in the Proposal occasionally refers to issues relating to nonfinancial commodity swaps in particular. *See* Proposal, 83 Fed Reg. at 27464, 27465. For the avoidance of doubt, it would be helpful if a final rulemaking confirmed that this process will be available for swaps in all asset classes.

15 If the Commission nevertheless decides to delegate to DSIO the authority to determine the methodology for calculating notional amount, its delegation to DSIO should include directions requiring that DSIO: 1) make public the issues that it is considering in order to avoid surprises to market participants, and 2) solicit and consider public input before making any such determinations in order to ensure that the ultimate decisions are informed by market norms and best practices.

to create transparency into the swaps market; and 4) registration requirements on certain market participants in order to satisfy, among other things, business conduct standards and documentation requirements.[16]

Swap dealer registration (with its accompanying regulatory obligations) promotes these goals for bilateral, OTC swaps. However, for cleared swaps and those executed on a swap execution facility ("**SEF**") or designated contract market ("**DCM**"), those goals can be fulfilled by the clearinghouse and/or the SEF or DCM. Therefore, to require such swaps to be counted in *de minimis* calculations, such that swap dealer registration may be required, in whole or in part, on the basis of such swaps, is inconsistent with the policy considerations underlying the *de minimis* exception. It neither increases regulatory efficiency nor focuses regulatory resources[17] to impose the costs and burdens of swap dealer registration when the objectives of the swap dealer regulatory regime are already being fulfilled.

A. Cleared and Exchange-Traded Swaps

The Commission should except cleared swaps that are executed on a SEF or DCM from *de minimis* calculations. Cleared swaps that are executed on a SEF or DCM must be routed to and received by a derivatives clearing organization ("**DCO**") as quickly after execution as would be technologically practicable if fully automated systems were used, which must be no more than 10 minutes after execution.[18] And once a swap is cleared, the DCO becomes the counterparty to both original parties. Thus, 10 minutes after execution (or earlier), whether or not a market participant's counterparty is registered as a swap dealer has no bearing on systemic risk or the protections afforded to such market participant with respect to that counterparty.

Indeed, prior actions by the Commission and its staff have recognized that certain swap dealer regulatory requirements are either not relevant, or duplicative, in this context. The Commission has exempted cleared swaps from the swap trading relationship documentation requirements[19] and the Commission's staff has provided relief in these circumstances from a broad range of external business conduct standards[20] that otherwise apply to swap dealers. Further, the Commission's staff has prohibited SEFs from requiring market participants to have any relationship agreements (*e.g.*, an

---

16 *See* U.S. Department of the Treasury, *Financial Regulatory Reform: A New Foundation* at 48, available at: https://www.treasury.gov/initiatives/Documents/FinalReport_web.pdf. ("Key elements of that robust regulatory regime must include conservative capital requirements (more conservative than the existing bank regulatory capital requirements for OTC derivatives), business conduct standards, reporting requirements, and conservative requirements relating to initial margins on counterparty credit exposures."). *See also* Report to Accompany S. 3217, 111-176 (2010) at 32 ("As a key element of reducing systemic risk and protecting taxpayers in the future, protections must include comprehensive regulation and rules for how the OTC derivatives market operates. Increasing the use of central clearinghouses, exchanges, appropriate margining, capital requirements, and reporting will provide safeguards for American taxpayers and the financial system as a whole.").

17 *See* Proposal, 83 Fed. Reg. at 27446-27447 (identifying increasing efficiency and focusing regulatory resources as two of the policy considerations underlying the *de minimis* exception).

18 *See* 17 C.F.R. § 39.12(b)(7); CFTC Letter No. 15-67 (Dec. 21, 2015).

19 *See* 17 C.F.R. § 23.504(a)(1)(iii).

20 *See* CFTC No-Action Letter 13-70 at 9-10 (Nov. 15, 2013) ("the Division is of the view that ['Intended to be Cleared'] Swaps executed non-anonymously on or subject to the rules of a SEF or DCM ("Disclosed SEF/DCM Swaps") and currently accepted for clearing by a DCO, or subject to a mandatory clearing determination by the Commission, are sufficiently standardized such that relief from compliance with a broad scope of External [Business Conduct Standards] requirements is warranted." (footnote omitted)).

ISDA) in place in order to trade swaps that are intended to be cleared.[21] According to staff, these "enablement mechanisms were historically used to eliminate credit risk," but "[s]uch credit risk does not exist for ['intended to be cleared'] swaps traded on or pursuant to the rules of a SEF."[22]

Each of the primary goals of Title VII identified above is met in a SEF or DCM-traded and cleared swap, thereby eliminating the need for a registered swap dealer to satisfy them. Taking each of the primary goals in turn, in such swaps:

- The clearinghouse and relevant clearing members are subject to regulatory capital requirements;
- Margin requirements are met by both counterparties pursuant to clearinghouse rules;
- Reporting requirements are generally met by the SEF or DCM, as well as the DCO; and
- Business conduct standards are met through compliance with the rules governing trading behavior at the SEF or DCM.

Because swap dealer registration (with its accompanying regulatory regime) is not necessary to achieve the Title VII goals in this market scenario, swap dealer status should not be triggered by cleared swaps that are executed on a SEF or DCM. FIA therefore requests that the Commission except from *de minimis* calculations cleared swaps that are executed on a SEF or DCM.

We note that the relevant Title VII capital and margin requirements also are met if a swap is cleared through an exempt DCO or a non-US clearinghouse operating pursuant to no-action relief from the requirement to register as a DCO (a "n**o-action DCO**"). This is because: 1) exempt DCOs must be subject to "comparable, comprehensive supervision and regulation by the appropriate government authority in the home country" of the exempt DCO;[23] 2) no-action DCOs must demonstrate such comparability when they apply for formal exemption; and 3) both exempt DCOs and no-action DCOs must observe the CPMI-IOSCO Principles for Financial Market Infrastructures in all material respects.[24] In response to the Commission's question 25 in the "Exchange-Traded and/or Cleared Swaps" section of the Proposal, we therefore believe that cleared and

---

[21] *See* Division of Clearing and Risk, Division of Market Oversight and Division of Swap Dealer and Intermediary Oversight Guidance on Application of Certain Commission Regulations to Swap Execution Facilities (Nov. 14, 2013).

[22] *Id.* at 2 n.5.

[23] *See, e.g.*, In the Matter of the Petition of OTC Clearing Hong Kong Limited For Exemption from Registration as a Derivatives Clearing Organization (Dec. 21, 2015).

[24] *See id.*; CFTC No-Action Letter No. 16-56 to Shanghai Clearing House (May 31, 2016), as extended by CFTC No-Action Letter No. 18-18 (July 31, 2018). *See also* Committee on Payment and Settlement Systems & Technical Committee of the International Organization of Securities Commissions, *Principles for financial market infrastructures* (April 2012), Principle 6 (setting forth detailed margin requirements); Principle 15, Key Consideration 2 ("An FMI should hold liquid net assets funded by equity (such as common stock, disclosed reserves, or other retained earnings) so that it can continue operations and services as a going concern if it incurs general business losses"); Principle 15, Key Consideration 3 ("An FMI should maintain… resources held to cover participant defaults or other risks covered under the financial resources principles."); Principle 18 ("an FMI should establish risk-related participation requirements adequate to ensure that its participants meet appropriate operational, financial, and legal requirements to allow them to fulfil their obligations to the FMI, including the other participants, on a timely basis").

SEF or DCM-traded swaps also should be excluded from *de minimis* calculations if they are cleared through an exempt DCO or a no-action DCO.

B. Cleared-Only Swaps

Bilaterally-executed cleared swaps ("**cleared-only swaps**") also should be excepted from *de minimis* calculations. As with cleared swaps executed on a SEF or DCM, the ultimate counterparty for a cleared-only swap is the clearinghouse.[25] Once cleared-only swaps are cleared, the clearinghouse and clearing members would be subject to capital requirements, and the clearinghouse would impose margin requirements on both original counterparties, just as for the swaps discussed above. Additionally, DCOs, exempt DCOs, and no-action DCOs are responsible for reporting Part 45 data to a swap data repository upon acceptance for clearing (with Part 43 data being reported by the counterparties for all off-platform swaps).[26]

Clearinghouses also provide a host of counterparty protections similar to the business conduct standards imposed on registered swap dealers, including disclosure, daily marks, and transparent pricing. Indeed, market participants clearing swaps receive from their clearing members the same (even expanded) disclosures and customer account agreements as those clearing futures, and clearinghouses provide a wide range of market data about all of their cleared products. And as noted above, the Commission has exempted cleared swaps from swap trading relationship documentation requirements.[27] Finally, because cleared swaps are standardized, there is less need for customer protections of the type that the external business conduct standards of Title VII are designed to provide with respect to bespoke OTC transactions.

C. SEF or DCM-Executed Swaps

Finally, FIA also supports the exception of uncleared swaps executed on a SEF or DCM from *de minimis* calculations. Excepting uncleared swaps executed on a SEF or DCM would increase participation, liquidity, and volume on such platforms, with little regulatory impact. Encouraging greater participation and competition in swaps executed on SEFs is part of the Commission's mandate under Title VII.[28] And reducing unnecessary regulatory impediments that inhibit market participants from engaging in on-platform trading for fear of exceeding the *de minimis* threshold would facilitate this growth.

Moreover, excepting SEF and DCM-executed swaps from *de minimis* calculations would have little effect on regulatory coverage. Most SEF and DCM-traded swaps are interest rate swaps,[29] which are almost entirely centrally cleared and thus fall into the category of cleared and exchange-traded swaps discussed

---

[25] To be sure, the parties to a cleared-only swap can agree to submit the swap for clearing at any point during the life of that swap. However, if the counterparties do not intend to clear a swap at the time of execution, it would, presumably, count toward one counterparty's *de minimis* threshold at that time (assuming that counterparty was acting in a dealing capacity).

[26] *See* 17 C.F.R. §§ 45.3(e), 43.3(a)(3); In the Matter of the Petition of OTC Clearing Hong Kong Limited For Exemption from Registration as a Derivatives Clearing Organization at 7.

[27] *See* 17 C.F.R. § 23.504(a)(1)(iii).

[28] *See* Commodity Exchange Act ("**CEA**") Section 5h(e), 7 U.S.C. 7b-3(e) ("The goal of this section is to promote the trading of swaps on swap execution facilities and to promote pre-trade price transparency in the swaps market.") *See also* Proposal, 83 Fed. Reg. at 27468 n. 168.

[29] *See* FIA SEF Tracker, *SEF Tracker In-Depth*, available at https://fia.org/node/1834/.

above.[30] Uncleared swaps executed on SEFs and DCMs make up only a small portion of the swaps market, so excepting these swaps from *de minimis* calculations would not materially impact the number of registered swap dealers or the number of swaps where at least one counterparty is a registered swap dealer. Finally, most of the uncleared SEF and DCM-executed swaps are in the foreign exchange ("**FX**") asset class (*e.g.*, FX non-deliverable forwards ("**NDFs**") and FX options), which overwhelmingly involve a prime broker, and most prime brokers are already registered swap dealers.

D. Notional Backstop or Haircut

In response to questions 10-15 in the "Exchange-Traded and/or Cleared Swaps" section of the Proposal (*i.e.*, whether the Commission should establish a notional backstop above which an entity must register, or apply a haircut to notional amounts of exchange-traded and/or cleared swaps),[31] FIA urges the Commission not to adopt either limitation. As described above, there is limited regulatory benefit to imposing the swap dealer regime on cleared and/or SEF or DCM-executed swaps at all. Therefore, partially imposing the swap dealer regime in certain circumstances by applying a backstop or haircut for such swaps offers no meaningful regulatory benefit, but would create needless complexity and erect artificial limits on liquidity.

Additionally, because of the large notional amounts involved in cleared swaps in particular, we do not believe that any notional cap (regardless of how high) or haircut (regardless of how low) would achieve the policy considerations underlying the *de minimis* exception, nor further the Commission's statutory mandate to promote increased liquidity and participation on SEFs.

V. FIA Supports Excepting NDFs from *De Minimis* Calculations

In response to question 1 in the "Non-Deliverable Forwards" section of the Proposal (*i.e.*, whether the Commission should except NDFs from consideration when calculating notional amount),[32] FIA believes NDFs should be excepted from *de minimis* calculations.

The Secretary of the Treasury ("**Treasury**") has determined to exempt FX forwards and FX swaps from the definition of a "swap" because they "differ in significant ways from other swaps and derivatives."[33] Treasury made that determination based on its finding that FX forwards and FX swaps "have a very short average length" and that other derivatives, such as interest rate swaps, generally "pose significantly more counterparty credit risk than foreign exchange swaps and forwards."[34]

Treasury was of the view that Title VII does not grant it authority to exempt NDFs (or other FX products) from the definition of a "swap."[35] The question here, however, is whether the Commission should except

---

30 *See* J. Christopher Giancarlo & Bruce Tuckman, Swaps Regulation Version 2.0: An Assessment of the Current Implementation of Reform and Proposals for Next Steps at 7 (April 26, 2018) ("According to data collected by the CFTC on U.S. reporting entities, about 85% of both new interest rate swaps and new credit default swaps were cleared in 2017.").

31 *See* Proposal, 83 Fed. Reg. at 27469.

32 *See id*. at 27470.

33 *See* Determination of Foreign Exchange Swaps and Foreign Exchange Forwards Under the Commodity Exchange Act, 77 Fed. Reg. 69694, 69696 (Nov. 20, 2012).

34 *See id.* at 69698.

35 *See id.* at 69703.

NDFs from *de minimis* calculations pursuant to its broad authority to establish factors with respect to the application of the *de minimis* exception.[36]

NDFs are economically equivalent, particularly from a risk perspective, to FX forwards, which have been exempted from *de minimis* calculations (among other regulatory requirements). As a general rule, like products should be regulated in like manner. Accordingly, we believe the Commission similarly should except NDFs from *de minimis* calculations.

VI. Conclusion

FIA commends the Commission for proposing an appropriate permanent *de minimis* threshold of $8 billion, which we support. We also support the proposed exclusion for swaps hedging financial positions (absent certain proposed conditions), and we welcome a process for the Commission to determine how to calculate notional amount, subject to a public notice and comment period for such determinations. We further commend the Commission for examining whether the current exceptions and exclusions from *de minimis* calculations should appropriately be expanded. In particular, we believe that excepting cleared and/or SEF or DCM-traded swaps from the *de minimis* threshold would encourage greater participation on SEFs and DCMs (and in clearing generally), which would result in enhanced liquidity, lower trading costs and a systemically safer and more diverse swap marketplace. Finally, we support excepting NDFs from *de minimis* calculations.

FIA appreciates the opportunity to comment on the Proposal. Please contact Allison Lurton, Senior Vice President and General Counsel, at 202-466-5460, if you have any questions about this letter.

Respectfully submitted,

Allison Lurton
Senior Vice President and General Counsel

cc: Honorable J. Christopher Giancarlo, Chairman
Honorable Brian D. Quintenz, Commissioner
Honorable Rostin Behnam, Commissioner
Matthew Kulkin, Director, Division of Swap Dealer and Intermediary Oversight
Erik Remmler, Deputy Director, Division of Swap Dealer and Intermediary Oversight

[36] *See* CEA Section 1a(49)(D), 7 U.S.C. 1a(49)(D).